

Neenah Paper Inc
Form 10-Q
May 10, 2016
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

NEENAH PAPER, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

20-1308307

(I.R.S. Employer
Identification No.)

**3460 Preston Ridge Road
Alpharetta, Georgia**

(Address of principal executive offices)

30005

(Zip Code)

(678) 566-6500

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 2, 2016, there were approximately 16,735,000 shares of the Company's common stock outstanding.

Table of Contents

TABLE OF CONTENTS

Part I Financial Information

<u>Item 1. Financial Statements</u>	F-1
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	F-15
<u>Item 3. Quantitative and Qualitative Disclosure About Market Risk</u>	F-21
<u>Item 4. Controls and Procedures</u>	F-21

Part II Other Information

<u>Item 1. Legal Proceedings</u>	F-21
<u>Item 1A. Risk Factors</u>	F-22
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	F-22
<u>Item 6. Exhibits</u>	F-22

Table of Contents**Part I FINANCIAL INFORMATION****Item 1. Financial Statements****NEENAH PAPER, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In millions, except share and per share data)

(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Net sales	\$ 242.1	\$ 214.4
Cost of products sold	183.3	164.9
Gross profit	58.8	49.5
Selling, general and administrative expenses	26.4	20.8
Integration/restructuring costs	1.1	
Other (income) expense - net	(0.1)	0.3
Operating income	31.4	28.4
Interest expense - net	2.9	2.9
Income from continuing operations before income taxes	28.5	25.5
Provision for income taxes	9.5	9.4
Income from continuing operations	19.0	16.1
Income from discontinued operations, net of income taxes (Note 10)		0.2
Net income	\$ 19.0	\$ 16.3
Earnings Per Common Share		
Basic		
Continuing operations	\$ 1.12	\$ 0.95
Discontinued operations		0.01
Basic		
	\$ 1.12	\$ 0.96
Diluted		
Continuing operations	\$ 1.11	\$ 0.94
Discontinued operations		0.01
Diluted	\$ 1.11	\$ 0.95
Weighted Average Common Shares Outstanding (in thousands)		
Basic	16,778	16,737
Diluted	16,981	16,988
Cash Dividends Declared Per Share of Common Stock	\$ 0.33	\$ 0.30

See Notes to Condensed Consolidated Financial Statements

Table of Contents

NEENAH PAPER, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Net income	\$ 19.0	\$ 16.3
Unrealized foreign currency translation gain (loss)	3.7	(13.4)
Reclassification of amortization of adjustments to pension and other postretirement benefit liabilities recognized in net periodic benefit cost (Note 6)	1.8	1.8
Income (loss) from other comprehensive income items	5.5	(11.6)
Provision for income taxes	0.7	0.6
Other comprehensive income (loss)	4.8	(12.2)
Comprehensive income	\$ 23.8	\$ 4.1

See Notes to Condensed Consolidated Financial Statements

Table of Contents

NEENAH PAPER, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

(Unaudited)

	March 31, 2016	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5.1	\$ 4.2
Accounts receivable (less allowances of \$1.6 million and \$1.7 million)	110.6	97.3
Inventories	127.3	120.6
Prepaid and other current assets	18.5	24.5
Total Current Assets	261.5	246.6
Property, Plant and Equipment		
Property, Plant and Equipment, at cost	711.5	694.5
Less accumulated depreciation	380.9	371.5
Property, plant and equipment net	330.6	323.0
Deferred Income Taxes		
	16.3	20.0
Goodwill		
	73.1	72.2
Intangible Assets net		
	78.3	79.1
Other Assets		
	11.4	10.5
TOTAL ASSETS	\$ 771.2	\$ 751.4
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Debt payable within one year		